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The AGRICULTURAL OUTLOOK DIGEST

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Meat production is expected to show a small decline in 1958 for the second consecutive year.

Most of the drop will be in beef. Number of cattle and calves on farms January 1 was down 1% from a year earlier. This was the second decline in a row as the cattle cycle continues its downward phase.

Signs of future upturn in cattle numbers are appearing. Slaughter of cows, heifers and calves fell off in late 1957. Slaughter of these classes probably will be below last year as farmers prepare to rebuild herds. However, marketings of fed cattle will be close to 1957 level.

Number of stock sheep on farms rose 3% during 1957 to highest level since 1953. Eight percent fewer sheep and lambs were on feed January 1 than a year ago. Further increase in sheep inventory in 1958 probably will hold year's slaughter below 1957.

Hog slaughter is likely to average about the same as a year earlier until fall. Then it will increase as the larger 1958 spring crop moves to market. Total pork production for 1958 will be above 1957 but not enough to offset the decline for beef.

FARM INCOME. Farmers realized a net income of $11.5 billion in 1957, half a billion less than in 1956, according to preliminary estimates. A wet fall and delayed harvests reduced marketings and brought a pile-up in crop inventories on farms at the year's end.

Total net income of farm operators, which includes realized net and allows for the increase in inventories, was $12.1 billion in 1957, half a billion above 1956.

Gross income of farm operators rose slightly in 1957. Cash receipts were down a little because of delayed marketings. This loss was more than made up by a $460 million increase in Soil Bank payments. But a $600 million increase in farm production expenses reduced realized net income.

DAIRY. Milk prices are likely to stay above the 1947-56 average in relation to feed prices after they adjust to the lower price support level scheduled for April 1. The reduction in average prices to farmers for all milk and butterfat may run about 4 percent.

An above average milk-feed price ratio points to another small increase in milk production this year. January output was 1% above a year earlier...average production per cow February 1 was 5% above February 1957 and a new record. Production will continue to exceed commercial use.

EGGS. Farmers plan to raise 6% more chicks for laying flock replacement than in 1957. But next fall's laying flock will not be increased by as much as this might indicate, since egg producers have more old hens this winter than usual.

Egg production is rising toward a seasonal peak in March or April. It will continue below a year earlier because of fewer layers on farms. Reduced output and demand for breaking and storing may bring rising prices in the next few months.

COTTONSEED OIL. Reduced supplies and strong demand in the U. S. and from northern Europe pushed prices higher in recent months. Stocks next August 1 are likely to be the lowest in a decade.

FEED. Prices are likely to continue below a year earlier through at least the first half of 1958. The average to farmers for feed grains in mid-January was 23% below a year earlier. Hay prices were down 17% and high protein feeds 8%.

Main reasons for low feed grain prices are the record supplies, high moisture content of corn, lower support prices, small percentage of farmers eligible for full support rate on 1957 corn.

WHEAT. A fairly tight "free" supply situation appears to be developing. Of the January 1 stocks of 1,377 million bushels, about seven-tenths were owned by CCC or under loan. The remaining "free" supply is less than is likely to be used in this country and exported from January through June. This indicates that redemptions may be increased or purchase agreement wheat sold.

Prices have not yet reflected prospects for tightening "free" supplies. They have generally drifted lower since early December.

FRUIT. Fresh market prices for oranges are likely to continue above a year earlier the next few months. Most of the Florida early and mid-season crop has been marketed and the Valencia crop was reduced by the freeze. Supplies from California also will be lighter.

VEGETABLES. Cold, heavy rain and high winds dealt a severe blow to Florida's winter vegetable crop. Because of reductions in this State, U. S. production of vegetables this winter is expected to be 15% below last year and 18% below average. Greatest reductions are indicated for tomatoes, sweet corn, carrots, snap beans, green peppers, cauliflower and cucumbers.

COTTON. Consumption by domestic mills is running below 1956-57. Total for the year is expected to be around 8 million bales, a drop of about 600,000. Exports also are down with the 1957-58 total forecast at $5\frac{1}{2}$ million bales, 30% below the preceding year. However, disappearance is expected to be high enough to reduce stocks next August 1 about 2.5 million bales from a year earlier.